

HOUSE BILL 454

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R4

2003 Regular Session  
(31r1536)

**ENROLLED BILL**  
-- Environmental Matters/Judicial Proceedings --

Introduced by **Delegate Barve**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Vehicle Laws - Dealer Processing and Freight Charges ~~Standards and~~**  
3 **Requirements**

4 FOR the purpose of increasing to a certain amount the maximum dealer processing  
5 charge for a vehicle sale; requiring a dealer processing charge to be reasonable  
6 and to reflect certain expenses; expanding the scope of dealer processing charges  
7 to include charges for certain services; requiring a dealer on request to provide a  
8 written disclosure of services included in a dealer processing charge; creating a  
9 certain exception to the requirement that the dealer processing charge be  
10 included in the advertised price of a vehicle; ~~altering a certain definition;~~  
11 requiring certain disclosure of a freight charge for a vehicle sale; repealing the  
12 requirement that a certain disclosure be preprinted on a contract for sale for a  
13 vehicle; altering certain definitions; including a dealer processing charge in the  
14 definition of a motor vehicle's total purchase price for purposes of imposing a  
15 vehicle excise tax; and generally relating to dealer processing and freight  
16 charges for vehicles.

17 BY repealing and reenacting, with amendments,

1 Article - Transportation  
 2 Section 15-311.1  
 3 Annotated Code of Maryland  
 4 (2002 Replacement Volume)

5 BY repealing and reenacting, with amendments,

6 Article - Transportation  
 7 Section 13-809(a)  
 8 Annotated Code of Maryland  
 9 (2002 Replacement Volume)

10 BY repealing and reenacting, without amendments,

11 Article - Transportation  
 12 Section 13-809(c)  
 13 Annotated Code of Maryland  
 14 (2002 Replacement Volume)

15 BY repealing and reenacting, with amendments,

16 Article - Transportation  
 17 Section 13-809(a)  
 18 Annotated Code of Maryland  
 19 (2002 Replacement Volume)  
 20 (As enacted by Chapters 361 and 362 of the Acts of the General Assembly of 2001)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Transportation**

24 15-311.1.

25 (a) (1) In this section, "dealer processing charge" includes an amount  
 26 charged by a dealer for:

- 27 (i) The preparation of written documentation of the transaction;
- 28 (ii) Obtaining the title and license plates for the vehicle;
- 29 (iii) Obtaining a release of lien;
- 30 (iv) Filing title documents with the Administration; [or]
- 31 (v) RETAINING DOCUMENTATION AND RECORDS OF THE  
 32 TRANSACTION;
- 33 (VI) COMPLYING WITH FEDERAL OR STATE PRIVACY LAWS; OR

1 (VII) Other administrative services concerning the sale of the vehicle.

2 (2) "Dealer processing charge" does not include a charge to purchase or  
3 install tangible personal property on or in the vehicle, or to perform mechanical  
4 service on the vehicle.

5 (b) (1) If a dealer charges a dealer processing charge, the charge [may not  
6 exceed \$25]:

7 (I) SHALL BE REASONABLE;

8 (II) MAY NOT EXCEED \$100; AND

9 (III) SHALL REFLECT DEALER EXPENSES GENERALLY INCURRED  
10 FOR THE SERVICES IDENTIFIED IN SUBSECTION (A)(1) OF THIS SECTION.

11 (2) A DEALER SHALL PROVIDE A WRITTEN DISCLOSURE OF THE  
12 SERVICES INCLUDED IN THE DEALER PROCESSING CHARGE ON REQUEST BY THE  
13 PURCHASER.

14 (c) Any dealer processing charge OR FREIGHT CHARGE shall be disclosed to a  
15 purchaser as provided in this section.

16 (d) A contract for the sale of a vehicle shall contain a statement, in 12 point  
17 type or larger, [preprinted] on the contract form as follows:

18 "Dealer processing charge (not required by law): \$....".

19 "FREIGHT CHARGE (NOT REQUIRED BY LAW): \$....".

20 (e) If a dealer advertises the price of a vehicle, the amount of ~~the~~ ANY dealer  
21 processing charge AND FREIGHT CHARGE shall be included in the advertised price  
22 UNLESS THE DEALER CLEARLY AND CONSPICUOUSLY DISCLOSES THE AMOUNT OF  
23 THE DEALER PROCESSING CHARGE AND FREIGHT CHARGE IN AT LEAST 10 POINT  
24 AND BOLD FONT ON THE ADVERTISEMENT WITHIN REASONABLE PROXIMITY TO THE  
25 ADVERTISED PRICE.

26 (f) ~~(1)~~ The dealer shall attach its price statement to a window of the vehicle,  
27 next to any other price disclosure required by law.

28 ~~(2)~~ The dealer's price statement shall state the total price for which the  
29 dealer is offering to sell the vehicle.

30 ~~(3)~~ The total price stated shall include ~~any~~; any

31 ~~(4)~~ ANY dealer processing charge, which shall be disclosed above  
32 the total price in at least 10 point type as "dealer processing charge (not required by  
33 law): \$....": ~~The; AND~~

1 ~~(H)~~ ANY FREIGHT CHARGE, WHICH SHALL BE DISCLOSED ABOVE  
 2 THE TOTAL PRICE IN AT LEAST 10 POINT TYPE AS "FREIGHT CHARGE (NOT REQUIRED  
 3 BY LAW): \$..."

4 ~~(4)~~ THE. The total price may exclude only the taxes and title fees payable  
 5 to the State.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 7 read as follows:

8 Article - Transportation

9 13-809.

10 (a) (1) In this section the following words have the meanings indicated.

11 (2) "Fair market value" means:

12 (i) Except as provided in item (iv) of this paragraph, as to the sale of  
 13 any new or used vehicle by a licensed dealer, the total purchase price, as certified by the  
 14 dealer;

15 (ii) As to a used vehicle that is sold by any person other than a  
 16 licensed dealer and that has a designated model year that is 7 years old or older, the  
 17 greater of:

18 1. The total purchase price; or

19 2. \$640;

20 (iii) As to any other used vehicle that is sold by any person other than  
 21 a licensed dealer:

22 1. The total purchase price, if the total purchase price is less  
 23 than \$500 below the retail value of the vehicle as shown in a national publication of  
 24 used car values adopted for use by the Department; or

25 2. If the total purchase price is \$500 or more below the retail  
 26 value of the vehicle as shown in a national publication of used car values adopted for  
 27 use by the Department:

28 A. The total purchase price, if verified to the satisfaction of the  
 29 Administration by a notarized bill of sale submitted in accordance with subsection  
 30 (d)(2) of this section; or

31 B. The valuation shown in the national publication of used  
 32 car values, if the Administration finds that the documentation submitted under  
 33 subsection (d)(2) of this section fails to verify the total purchase price;

1                   (iv)     As to the sale of any new or used motor home or travel trailer by  
2 a licensed dealer, or a dealer licensed by another state or a foreign country, the total  
3 purchase price, as defined in paragraph (4)(ii) of this subsection, as certified by the  
4 dealer on a form acceptable to the Administration; and

5                   (v)     In any other case, the valuation shown in a national publication  
6 of used car values adopted for use by the Department.

7                   (3)     "Motor home" has the meaning stated in § 11-134.3 of this article.

8                   (4)     "Total purchase price" means:

9                   (i)     Except as provided in item (ii) of this paragraph, the price of a  
10 vehicle agreed on by the buyer and the seller, INCLUDING ANY DEALER  
11 PROCESSING CHARGE, with no allowance for trade-in or other nonmonetary  
12 consideration; and

13                   (ii)    In the case of a motor home or travel trailer, the price of the  
14 motor home or travel trailer agreed on by the buyer and the seller less the value, not to  
15 exceed the value shown in a national publication of used motor home and travel trailer  
16 values adopted for use by the Department, of any motor home or travel trailer that is  
17 traded in as part of the consideration of the sale.

18                   (5)     "Travel trailer" has the meaning stated in § 11-170 of this article.

19           (c)     (1)     Except as provided in subsection (b)(2) of this section, the tax imposed  
20 by this section is 5 percent of the fair market value of the vehicle.

21                   (2)     If the vehicle formerly was a vehicle exempt from the tax imposed by  
22 this section, the tax shall be reduced by any amount previously paid by the present  
23 owner as a sales and use tax on the vehicle under Title 11 of the Tax - General Article.

24                   (3)     (i)     If the vehicle was formerly titled and registered in another state  
25 and the present owner has not been a Maryland resident for more than 60 days and  
26 has paid a sales or excise tax to that state at a rate less than that imposed by this State,  
27 then the tax imposed shall apply but at a rate measured by the difference only between  
28 the tax rate paid to the other state and the tax rate imposed by this section.

29                   (ii)    If the vehicle was formerly titled and registered in another state  
30 and the present owner requests to transfer the vehicle in accordance with §  
31 13-810(c)(1) of this subtitle, the Administration shall change or correct the names  
32 contained in the certificate of title:

33                             1.     At the time the excise tax that is credited or imposed under  
34 this section is paid and a new title is issued; and

35                             2.     Without issuing multiple certificates of title or charging  
36 additional fees.

1 (iii) Except as provided in subsection (b)(2) of this section, the  
2 minimum tax imposed under this section shall be \$100.

3 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
4 read as follows:

5 Article - Transportation

6 13-809.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) "Fair market value" means:

9 (i) As to the sale of any new or used vehicle by a licensed dealer, the  
10 total purchase price, as certified by the dealer;

11 (ii) As to a used vehicle that is sold by any person other than a  
12 licensed dealer and that has a designated model year that is 7 years old or older, the  
13 greater of:

14 1. The total purchase price; or

15 2. \$640;

16 (iii) As to any other used vehicle that is sold by any person other than  
17 a licensed dealer:

18 1. The total purchase price, if the total purchase price is less  
19 than \$500 below the retail value of the vehicle as shown in a national publication of  
20 used car values adopted for use by the Department; or

21 2. If the total purchase price is \$500 or more below the retail  
22 value of the vehicle as shown in a national publication of used car values adopted for  
23 use by the Department:

24 A. The total purchase price, if verified to the satisfaction of the  
25 Administration by a notarized bill of sale submitted in accordance with subsection  
26 (d)(2) of this section; or

27 B. The valuation shown in the national publication of used  
28 car values, if the Administration finds that the documentation submitted under  
29 subsection (d)(2) of this section fails to verify the total purchase price; and

30 (iv) In any other case, the valuation shown in a national publication  
31 of used car values adopted for use by the Department.

32 (3) "Total purchase price" means the price of a vehicle agreed on by the  
33 buyer and the seller, INCLUDING ANY DEALER PROCESSING CHARGE, with no  
34 allowance for trade-in or other nonmonetary consideration.

1     SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
2 take effect on the taking effect of the termination provision specified in Section 5 of  
3 Chapters 361 and 362 of the Acts of the General Assembly of 2001. If that termination  
4 provision takes effect, Section 2 of this Act shall be abrogated and of no further force  
5 and effect. This Act may not be interpreted to have any effect on that termination  
6 provision.

7     SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That, subject to the  
8 provisions of Section 4 of this Act, this Act shall take effect ~~October~~ July 1, 2003.